AMENDMENTS

In the claims:

1. (**Currently amended**) A method of encapsulating a bioactive complex in a liposome which comprises the steps of:

(a) dissolving at least one amphipathic lipid in one or more organic solvents;

(b) combining a first aqueous suspension comprising a nucleic acid ~~bioactive agent~~ with the lipid containing organic solution of step (a) so as to form a**[[**n**]]** water-in-oil emulsion comprising ~~the bioactive agent and the~~ lipid stabilized water droplets containing the bioactive agent;

(c) adding a second aqueous suspension comprising a polycation ~~complexing agent~~ to the emulsion of step (b), so as to form a water-in-oil emulsion comprising the lipid stabilized water droplets of step (b) and lipid stabilized water droplets containing the polycation ~~wherein the complexing agent is a polycation~~;

(d) incubating the emulsion of step (c) to allow the polycation ~~complexing agent~~ to contact the nucleic acid ~~bioactive agent~~ thereby forming a complex of the nucleic acid ~~bioactive agent~~ with the polycation ~~complexing agent~~ within the lipid stabilized water droplets, wherein growth of said complex is limited by ~~no greater in diameter than~~ the diameter of the lipid stabilized water droplets; and

(e) removing the organic solvent from the emulsion ~~suspension~~ of step (d), so as to form liposomes comprising the complexed nucleic acid ~~bioactive agent~~ and the lipid,

wherein the liposomes have number average sizes of about 50 to 300 nm, ~~and wherein~~ the liposomes encapsulate the complexed nucleic acid ~~bioactive agent~~; and wherein the nucleic acid to lipid ratio is at least 0.5 μg nucleic acid per μmole of liposomal lipid.

2. (**Currently amended**) A method of encapsulating a bioactive complex in a liposome which comprises the steps of:

(a) dissolving at least one amphipathic lipid in one or more organic solvents;

(b) combining a first aqueous suspension comprising a polycation ~~complexing agent~~ with the lipid containing organic solution of step (a) so as to form a**[[**n**]]** water-in-oil comprising the

~~complexing agent and the lipid, wherein the complexing agent is a polycation~~ lipid stabilized water droplets containing the polycation;

(c) adding a second aqueous suspension comprising a nucleic acid ~~bioactive agent~~ to the emulsion of step (b), so as to form a water-in-oil emulsion comprising the lipid stabilized water droplets of step (b) and lipid stabilized water droplets containing the nucleic acid ~~wherein the complexing agent is a polycation~~;

(d) incubating the emulsion of step (c) to allow the polycation ~~complexing agent~~ to contact the nucleic acid ~~bioactive agent~~ thereby forming a complex of the nucleic acid ~~bioactive agent~~ with the polycation ~~complexing agent~~ within the lipid stabilized water droplets, wherein growth of said complex is limited by ~~no greater in diameter than~~ the diameter of the lipid stabilized water droplets; and

(e) removing the organic solvent from the emulsion ~~suspension~~ of step (d), so as to form liposomes comprising the complexed nucleic acid ~~bioactive agent~~ and the lipid, wherein the liposomes have number average sizes of about 50 to 300 nm, **[[**and**]]** wherein the liposomes encapsulate the complexed nucleic acid ~~bioactive agent~~; and wherein the nucleic acid to lipid ratio is at least 0.5 μg nucleic acid per μmole of liposomal lipid.

3. (**Currently amended**) The method of claim 1 or 2, wherein the nucleic acid ~~bioactive agent~~ is ~~a nucleic acid~~ DNA or RNA.

4. (**Previously presented**) The method of claim 3, wherein the nucleic acid is DNA.

5. (**Currently amended**) The method of claim 1 or 2, wherein the polycation ~~complexing agent~~ is selected from the group consisting of polylysine, a polyamine, hexammine cobalt, polyhistidine, and polyethyleneimine.

6. (**Previously presented**) The method of claim 5, wherein the polyamine is selected from the group consisting of spermine and spermidine.

7. (**Previously presented**) The method of claim 6, wherein the polyamine is spermine.

8. (**Canceled**).